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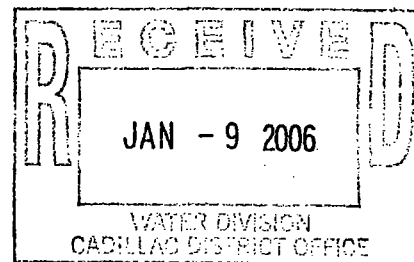
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Of Counsel:
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January 5, 2006

VIA FAX - 231/775-1511

Mike Stifler
Cadillac District Supervisor, Water Bureau
Michigan Dept of Environmental Quality
Cadillac District Office
120 W. Chapin Street
Cadillac, MI 49601-2158



COPY

Re: Williamsburg Receiving and Storage, Inc.
Response Activity Status Report

Dear Mike:

Please be advised of the status of corrective actions and other matters related to the above referenced facility. As has been discussed in previous correspondence, the facility continues to haul a minimum of 10,000 gallons per day and sometimes 20,000 gallons per day from the facility. I am advised that this week 20,000 gallons per day have been removed from the lagoon on Tuesday, Wednesday, and today. As was discussed previously, this comes at enormous cost, as the cost to dispose of the water at the Northern A-1 Kalkaska facility is 12 cents per gallon. As soon as we receive permission from a licensed wastewater treatment facility to accept wastewater at a lower cost, we can then begin shipping even more water.

On that subject, as you are aware, Reed City wastewater treatment plant has provided a permit to dispose at their facility. Unfortunately, the Reed City plant is currently out of balance as a result of an upset event and they cannot yet receive water. The wastewater treatment plant manager indicated that they hoped to receive shipments yet this week. My client has also sought out other wastewater treatment plants for permission to receive wastewater from the facility. My client has applied to the Muskegon County wastewater treatment facility and has submitted laboratory analysis to the county and is hopeful that they will approve acceptance of this wastewater. They have indicated that approval may take up to thirty (30) days.

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We are advised by the City of Traverse City and Grand Traverse County that the City of Traverse City may soon be able to accept wastewater from the facility. It is my understanding that the city and county are discussing an appropriate fee structure and administrative documentation to allow acceptance of this waste. I am expecting to meet with Doug Luciani from the Traverse City Chamber of Commerce and Ross Childs, manager of the county septage facility, within the next week to discuss finalizing details for their acceptance of this wastewater. As soon as we receive their permission, we can begin shipping wastewater to the Traverse City facility.

My client has also applied to the City of Ludington and the City of Baldwin for the right to dispose. Ludington has indicated that they will provide an answer by tomorrow, and Baldwin has indicated that they may be able to finalize details and begin receiving wastewater by the end of next week.

I am trying to get a volume calculation from my client of the waste that has been shipped since our last meeting in Cadillac, but I am advised that the total volume exceeds well over 100,000 gallons and wastewater has been shipped from the facility to an appropriate disposal facility every non-holiday workday since our meeting in Cadillac.

With respect to other odor control issues, as we discussed, odor control structures have been placed over the tanks and hydrosieve in the plant to help manage fugitive odor emissions. Odor control equipment has been acquired and has been constructed. It is the intent to vent the tanks through a carbon filtration system. My client is currently contracting for the delivery of the carbon to the facility and we hope to have that completely on line by January 13, 2006.

With respect to operational improvements, my client has constructed a recirculation process to decrease the amount of water used to cool the heat exchangers on the sugar concentrators. This should reduce total water consumption and discharge by several thousand gallons. Further, the facility has developed a new process to utilize hydrogen peroxide which significantly reduces the amount of water used during the cherry washing process. This should also reduce the amount of water utilized by 900 to 4,000 gallons per day. Further, my client is conducting water quality and water management meetings every day with staff to impress upon them the necessity to minimize water use and recycle certain process waters whenever possible.

As I believe you are also aware, we met with officials from Whitewater Township and the Northern Michigan Environmental Action Council in late December to try to formulate a plan to address the community's concerns related to the environmental quality of the operation. We agreed with the Northern Michigan Environmental Action Council to establish a stakeholder's work group to discuss the nature of the community's concerns and to communicate the facility's compliance goals and progress. Our first meeting of that group will be Thursday, January 12 at 3:00 p.m.

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Another meeting is planned for that group on January 23, 2006, at 2:00 p.m. Both meetings will be held at the Traverse City Chamber of Commerce, who is helping to facilitate resolution of these concerns in the best interest of all the parties. A representative of the neighbors surrounding the plant, the Northern Michigan Environmental Action Council, WRS, and the Township, as well as a Cherry Growers' representative will participate in this work group. Please feel free to participate in this work group if you feel that would be appropriate.

As part of the concerns articulated by the community, there were some concerns about potential impact to domestic water wells. Thus, we have agreed to sample any domestic water well of any neighbor who has concerns about their water quality, regardless of how hydraulically isolated they may be from the plant, in order to alleviate any concerns related to water quality concerns. I just received this afternoon raw data from those samples and we anticipate being able to tabulate these results and provide them to you early next week. We are also providing copies of the results directly to the homeowners.

With respect to long term resolution issues, please be advised that we met with MDEQ permit staff in Lansing on January 4, 2006. We discussed with permit staff the proposed segregation of waste streams, batch dilution, characterization and discharge plan which we described to you and your staff during our last meeting in Cadillac. Some productive observations were shared by the members of that group, and we were provided some direction on how to proceed. We are immediately moving forward on collecting data and generating a hydrogeologic work plan for review by Doug Thompson. Once Doug approves the work plan, we will then immediately move forward in implementing the plan to generate the soil and groundwater data necessary for the foundation of a permit modification. Initial observations were that this proposal certainly has merit but needs to be evaluated in light of certain site specific conditions in the proposed discharge areas.

On a related issue, a draft remedial investigation work plan has been completed and, it is my understanding after discussing same with Inland Seas Engineering staff, will be submitted to your office and to Lansing staff on Monday, January 9, 2006. We look forward to your review and comment on that plan.

Finally, I am in receipt of Sy Paulik's correspondence dated December 29, 2005, and I have requested that Inland Seas Engineering staff immediately address the questions which Sy posits on that correspondence. It is my hope that you will be receiving a substantive response to that inquiry within the next week to ten days.

My client is continuing to make every effort to try to correct the areas of concern referenced by the Department in previous notice correspondences. We are also doing our very best to try to address the community's concerns as part of the stakeholder work group process. Finally, we

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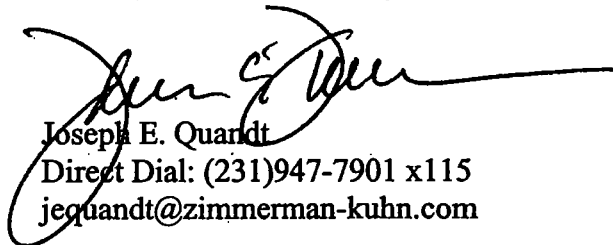
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continue to try to seek a long-term solution through your permit staff and we are hopeful that we will be able to bring all these matters to conclusion as soon as practically achievable.

Please let me know if you have any substantive questions, comments or concerns related to this status report or any other communication related to this facility. As always, I look forward to hearing from you.

Sincerely,

ZIMMERMAN, KUHN, DARLING,
BOYD, TAYLOR AND QUANDT, PLC



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